

# Submission on A New Zealand Income Insurance Scheme

## Your name and organisation

Name	Claire Ziegler
Organisation (if applicable)	
Contact details	Privacy of natural persons

## Responses to consultation document questions

### Chapter 4 – How a new income insurance scheme could achieve our objectives (Pg 30-48)

The Forum considers the benefits of income insurance for job loss due to displacement or health conditions would outweigh its costs.

1

*Do you agree New Zealand should introduce an income insurance scheme for displacement and loss of work due to health conditions or disabilities?*

My preference would be to properly fund and broaden the scope of the welfare system itself as this seems to be double handling/pushing costs onto Nzers directly when we are already paying taxes.

Most change in welfare so far has been very slow and artificially keeps recipients low income and struggling by not paying a living wage. This harms already marginalised communities deeply, and introducing a tiered system where people with the capability to work are given more support than people who cannot is inhumane, immoral and reinforces existing power structures and oppressions.

Whatever this income support scheme does end up offering, it is critical that it must support ALL people regardless of how or when they were disabled/hurt/otherwise incapable of working. It must cover a full cost of living rather than pushing people into poverty or not giving people any support until they have run through all the resources they had in their lives and thus leaving them always several steps behind people who have been luckier.

I agree with the Greens that instead of having a patchwork of coverage and different schemes for different conditions, ACC should simply be extended to cover all work-impairing health conditions and disabilities, irrespective of the 'cause'. This should include cover for people who are currently out of work because of a health condition or disability, to avoid entrenching inequitable support.

It is critical that with the roll-out of NZIIS we do not lose sight of the urgent need to reform the welfare system. This is particularly important for those who are unable to work in paid employment. Any savings in the welfare system from the introduction of NZIIS should stay in the welfare system and be used to help pull families out of poverty.

Additionally, privileging people who work outside the home rather than caretakers and homemakers – especially those providing care to family who are unpaid and under

supported – once again damages our society and the communities in it. Along with the Greens I believe unpaid care work is crucial to the wellbeing of whānau and communities, and believe it is essential that any reforms of the welfare system provide better recognition of care work. But as currently designed, NZIIS will only be available for those who are in paid employment. It won't fully take into account all types of unpaid care work - which is disproportionately done by women, especially wāhine Māori and Pacific women. We think the scheme should include:

- Extend NZIIS cover for those who have to care for a sick dependent, extending the scheme beyond covering personal disability or illness, but to also cover people who leave work to care for dependent whānau.
- Expand eligibility for Paid Parental Leave to align with NZIIS and the duration of payments to 13 months. We should ensure equitable support for people who experience job displacement close to having a baby.

## Chapter 5 – Honouring Te Tiriti o Waitangi (Pg 49-51)

### Kawanatanga – Good governance and partnership

#### 2 *How can we ensure the proposed income insurance scheme honours Te Tiriti o Waitangi?*

The design of NZIIS needs to be inclusive of Māori, Pasifika peoples, women, migrants and low-income whānau so everyone benefits from it in an equitable way. Below are some suggestions which could make the scheme fairer.

#### **A) Recognise the needs of families and those on the lowest incomes:**

- NZIIS will be funded through a flat levy of 1.39% each on both employers and employees. Those on the lowest incomes might not be able to afford to pay an additional levy. In addition, the lowest paid workers will get the least from NZIIS. That's why the Greens believe NZIIS should implement the following:
- A sliding scale of payments, so that low-income whānau would receive 100% of previous income back under NZIIS, rather than 80%.
- Introduce a levy-free threshold. For example, those earning below the full-time minimum wage do not have to pay levies but still get NZIIS.
- Pay for this by providing that the levy is taxed on all earned income above the threshold, not capped at \$130,911, for a progressive scheme that helps those most in need. Costs of the scheme should be managed by reducing the maximum payments under the scheme for high income earners.

**B) Tiriti and Māori partnership:** Honouring Te Tiriti in our income and welfare systems requires a strengths-based, kaupapa Māori approach, genuine partnership and co-design. The Government must ensure NZIIS governance and administration is capable of delivering kaupapa Māori solutions and partnership with iwi.

**C) Temporary visa opt in/opt out:** As proposed, only New Zealand citizens and residents will be eligible for NZIIS. Migrants are still expected to pay into the scheme through a levy

but they will not get any benefits from NZIIS. This is unfair - the Greens are calling to allow these workers to opt into the scheme or opt out of paying levies.

**D) No sanctions or obligations:** The NZIIS currently proposes work obligations and sanctions which mirror those used by MSD. Work preparedness, case management and connection to labour markets will be helpful to many and should be available, but people should not be obligated to perform this out of fear of sanctions. The experience within the welfare system demonstrates that sanctions harm tamariki, are costly to administer and corrode trust.

3

*What are the opportunities for partnership and Māori representation in the proposed income insurance scheme's governance and operations?*

4

*How can we ensure equity of access, participation, and outcomes for Māori in the proposed income insurance scheme?*

Listen to and prioritise Tangata Whenua throughout the process rather than just going ahead with whatever the Pākehā and other Tauwi voices think is best.

5

*How can we reflect and embed te ao Māori in the proposed income insurance scheme's design?*

Listen to and prioritise Tangata Whenua throughout the process rather than just going ahead with whatever the Pākehā and other Tauwi voices think is best.

## Chapter 6 – Coverage for displaced workers (Pg 53-72)

Displacement and standard employment (full- and part-time permanent employees)

6

*Do you agree with defining displacement as the involuntary loss of work due to the disestablishment of a job?*

Yes.

7

*Do you agree with excluding poor performance and gross misconduct as reasons for claiming insurance?*

No.

8

*Do you agree with excluding resignation as a reason for claiming insurance?*

No – quite often someone may need to resign due to circumstances outside their control, and especially if they're due to a power imbalance (ie due to domestic/intimate partner violence, or

workplace harrassment, etc) – and those may be situations where it's either impractical or embarrassing or otherwise dangerous for the person to explain why they need to cease a job rather than resigning.

#### Coverage provided for complete job loss only

9 *Do you agree that income insurance should cover only the complete loss of a job, and cover situations where a person loses only one of several jobs that they hold?*

Should cover any job loss.

10 *Do you agree that insurance would be payable only where income loss was greater than a minimum threshold, such as a 20 percent loss of total earnings, counting income from all of their jobs?*

Should cover any loss.

#### Displacement and non-standard employment – a principle-based approach

11 *Do you agree that it is important to provide income insurance coverage to non-standard workers, where practical?*

Yes – they are already very vulnerable and need more help.

12 *Do you agree that income insurance should cover the 'loss of reasonably anticipated income'?*

Yes. If we need people doing jobs which would be considered reasonably anticipated income due to the details of the job (eg, arts sector, seasonal work) then they should also be equally protected.

13 *Do you agree that income insurance entitlements should be based on an 'established pattern of work'?*

No, that punishes people and will certainly hurt more people who should have been helped than it would help people who may be gaming the system. The costs and dangers of investing in a requirement that people prove they are in need of help are such that it would be preferable to just help everyone in the first place.

#### Coverage provided for fixed-term and seasonal employees

14 *Do you agree that income insurance should cover fixed-term and seasonal employees if they are displaced before the end of an employment agreement, with the duration of the payment running to the scheduled end of the employment agreement, or the maximum insurance entitlement duration, whichever is shorter?*

Yes it should, and the payments should run to whatever is a higher dollar value.

15 *Do you agree that income insurance should cover fixed-term and seasonal employees, where their employment agreements are not renewed, and they can show a regular pattern of work and reasonable expectation of future income?*

Yes.

#### Coverage provided for casual employees

16 *Do you agree that income insurance should cover casual employees who can show a regular pattern of work with an employer and a reasonable expectation of future income?*

Yes. Zero hour type contracts are commonly used to abuse marginalised workers and this might help decrease that.

17 *How would these design choices work in practice? What risks can you see with the approach to establishing a regular pattern of work?*

Again, making people prove they need it vs just accepting their information will cost so much time and energy and cause a lot of work while having people slip through the cracks who did very much need it that I feel it is both immoral to do so and also does not make economic sense.

#### Coverage for self-employed workers

18 *What risks do you see with covering, or not covering, people in self-employment?*

If we don't cover those people a) we're disproportionately harming women or people under represented in the workforce (esp people with disabilities who can accommodate themselves better than a traditional employer) and b) it's once again creating 2 tiers of people in society.

19 *Are there some groups of self-employed who should and should not be covered?*

No.

20 *How can we practically distinguish between contractors who resemble employees, and those with a high degree of independence?*

It shouldn't matter for the purposes of providing support to all NZers.

21 *Because a self-employed person cannot technically be made redundant, what types of events would be appropriate 'triggers' for insurance payments?*

Business drying up (eg, lockdowns/supply chain issues/etc), illness or disability, income drop.

22 *How do you think the levy should be collected from self-employed workers?*

#### A modest minimum contribution period

23 *Do you agree with the proposed minimum contribution period of six months over a period of 18 months preceding the claim?*

No, because again this will cause harm to people who can least afford it.

#### Limits on subsequent claims

24 *Do you agree limits should be placed on the number claims people can make?*

Only to the extent similar to a vexatious litigant – it would have to be a very high limit as otherwise it would certainly harm people who need it genuinely.

25 *Do you agree with limiting claims to a total of six months within an 18-month period?*

No, because this could absolutely ruin someone's life. You cannot predict how long you will be out of work/ill/disabled for.

26 *Could the risks associated with a low contribution history be managed in other ways?*

Yes. Actually tax rich people and companies, fund IRD properly so they can audit high income earners who are evading their responsibilities rather than focussing on people making a lower wage.

## Coverage for New Zealand citizens and residents

27 *Do you agree with limiting coverage of the proposed income insurance scheme to New Zealand citizens and residents?*

No. We have already massively harmed the non citizen residents of NZ during the lockdowns, we need to actually help them now instead of once again taking all the work they do in NZ as our due while giving them no respect or reward the second they aren't making an income.

28 *To ensure New Zealand workers are not disadvantaged by lower cost international workers, do you agree that working holiday makers, international students and temporary work visa holders – and their employers – should contribute to the proposed income insurance scheme's costs?*

Yes.

## Chapter 7 – Entitlements for displaced workers (Pg 73-95)

### Income caps and income replacement rates that match the accident compensation scheme

29 *Do you agree with a replacement rate set at 80 percent?*

No, it should be 100%. People budget – especially when they are lower income – with the reasonable expectation of having their full income available. Earning so much less will really harm them, especially when housing is so expensive/in demand at the moment. Also, if you are hurt or disabled or sick, quite often then means a lot of your expenses will actually INCREASE compared to what they were previously so this just reinforces marginalisation and poverty if not providing enough support to people.

30 *Do you agree with a cap on insurable (and leviable) income set at the same rate as the accident compensation scheme (currently \$130,911)?*

I think the cap should be a little higher - 150K would be appropriate – but more important is that it should avoid the huge problem in the welfare system which is counting a partner's income against the person out of work before actually providing support. Firstly this enables intimate partner violence and domestic abuse, and secondly most families need two or MORE incomes and so both should be able to be replaced if needed.

### Only personal exertion income would abate (reduce) insurance entitlements

31 *Do you agree that only the insurance claimant's personal exertion income should affect their insurance entitlements?*

32 *Do you agree that income insurance should have individualised entitlement, meaning a partner's income would not affect the rate payable?*

Yes x a thousand. Not doing so enables intimate partner violence and domestic abuse, and secondly most families need two or MORE incomes and so both should be able to be replaced if needed.

**Abatement rates would ensure a claimant is not financially better off as a result of their loss of work**

33 *Do you agree that someone should be able to earn some income from paid employment before it affects their entitlements to income insurance?*

Yes.

34 *Do you agree that insurance should abate 'dollar for dollar' when earned income and insurance combined reach 100 percent of previous income?*

**Insurance would generally be treated as income, to determine eligibility for welfare and student support**

35 *Do you agree that insurance should be treated as income for assessing eligibility for income support such as main benefits and Working for Families tax credits and student support?*

Yes but only if those benefits are raised appropriate to be commensurate with possible support from this. People should be entitled to whichever is higher.

36 *Given the purpose of the In-Work Tax Credit and Minimum Family Tax Credit in encouraging people into employment and helping with in-work costs, do you agree that income insurance claimants would not be eligible for these tax credits?*

No, they should be eligible for those tax credits still.

**Insurance claimants could also receive New Zealand Superannuation or the Veteran's Pension**

37 *Do you agree that income insurance claimants could also receive New Zealand Superannuation or the Veteran's Pension?*

Yes.

38 *Do you think a limit should be placed on the amount of time someone can receive New Zealand Superannuation or the Veteran's pension and income insurance?*

No.

**Where eligible, insurance claimants could choose whether to access Paid Parental Leave or income insurance and may receive both sequentially**

39 *Do you agree that income insurance and Paid Parental Leave could be accessed sequentially but not at the same time?*



No. Stop short changing people when they are doing something stressful and critical for the future of our society.

#### Insurance claimants could also receive ACC weekly compensation where it covers a different income loss

40 *Do you agree that claimants should be able receive both ACC weekly compensation and income insurance at the same time for differing income loss subject to independently meeting the eligibility criteria for both?*

Yes.

#### A sufficient base entitlement period

41 *Do you agree with a base insurance entitlement length of six months, plus a four-week bridging payment paid by the employer?*

42 *Would you support a longer or shorter length of base insurance entitlement?*

#### Extending the maximum period in specified circumstances

43 *Do you think the scheme should allow extensions to the base period of income insurance entitlements for training or vocational rehabilitation?*

Yes.

#### Enhancing the income insurance scheme with notice periods

44 *Do you agree that employers should give at least four weeks' notice to employees, and the insurer, before redundancy takes effect?*

Yes.

## Avoiding unnecessary redundancies

45 *Do you agree that employers should pay former workers for the initial period of unemployment for four weeks?*

Yes.

46 *Should bridging payments be applied to all workers, including those not eligible for income insurance?*

Yes.

47 *Should the income insurance scheme finance bridging payments in circumstances where the payments are not forthcoming from employers, and refund employers for bridging payments if workers find work within this period?*

Yes.

48 *Do you consider that stronger integrity measures are necessary to manage the risk of spurious claims to the income insurance scheme?*

No.

## Chapter 8 – Coverage and entitlements for loss of work due to health conditions or disabilities (Pg 96-112)

### No restrictions on the types of conditions covered by the income insurance scheme

49 *Do you agree there should be no restrictions on the types of conditions covered by the scheme?*

Yes.

### No restrictions on the working arrangements covered by the scheme

50 *Do you agree that all work arrangements should be covered (assuming other eligibility criteria are met)?*

Yes.

Coverage for loss of at least 50 percent of capacity to work, for at least four weeks

51 *Should the scheme cover partial loss of earnings due to a health condition or disability reducing work capacity?*

Yes.

52 *If partial loss is to be covered, do you agree claimants should have at least a 50 percent reduction of capacity to work caused by a health condition or disability and that reduction is expected to last for at least four working weeks?*

No. That's too hard to assess in many jobs/health situations, just cover whatever is lacking.

Claimants' medical practitioners would assess work capacity, with final eligibility assessed by the scheme administrator

53 *Do you agree that the claimants' health practitioner should be main the assessor of work capacity?*

No.

54 *Do you agree that, where appropriate, employers could provide supporting information to inform the claimant's work capacity assessment process?*

Maybe. There would need to be protections to help people not being pressured into working when they're not actually recovered/able to.

Employers would remain responsible for taking reasonable steps to support an employee to continue working

55 *Are the current requirements on employers to make workplace changes sufficient to allow health condition and disability claimants to return to their regular employment (or alternative work)?*

Considering how much damage has been done to the chronically ill and disabled communities in NZ this is clearly not enough under existing legislation.

56 *How could employers be supported to help workers with health conditions or disabilities to remain in or return to work?*

Accommodations for workers could be tax deductible.

**Employers would be expected to make reasonable efforts to keep a job open where a return to work within six months is likely**

57 *Where an employee must stop work entirely because of a health condition or disability, do you think employers should be expected to keep a job open and help with vocational rehabilitation where a reasonable prognosis is made of return to work within six months?*

Yes.

58 *Should this be a statutory requirement placed on employers or an expectation?*

Expectation. Situations can be very different, so as long as the worker would still be covered by the scheme if their job had been replaced they wouldn't be disadvantaged.

**The scheme would generally meet the full cost of income replacement once a claim is accepted**

59 *Do you agree that employers should only pay a bridging payment to employees leaving work because of a health condition or disability when the employment is terminated by the employer?*

**Chapter 9 – Insurance claimants' obligations (Pg 113-120)**

**Reasonable obligations for people receiving income insurance payments**

60 *Do you agree claimants should be obligated to look for work or prepare to return to work while receiving insurance?*

No. This is hard to enforce and what enforcement there is disproportionately harms marginalised people as they're judged to not do enough even if they've done more than someone more privileged in a similar situation.

61 *Do you agree that claimants would not be expected or required to accept offers of employment that provide lower wages or conditions?*

Yes.

62 *Do you agree the insurer could waive obligations partially or fully where a claimant is unable to meet those obligations?*

No.

63 *Do you agree claimants should be obligated to remain in New Zealand to remain eligible for income insurance?*

Yes unless family emergency

64

*Do you think a period of time, such as 28 days, should be allowed for travel overseas, for example, to support ill family?*

It should be minimum 90 days.

#### Specific obligations for claimants with a health condition or disability

65

*Should claimants with health conditions or disabilities be subject to obligations to participate in rehabilitative programmes and other support, where appropriate?*

No.

66

*Should claimants with health conditions and disabilities be subject to obligations to search for work or undertaking training where they are able to?*

No. Non disabled people are horrendous judges of the ability levels of disabled people and tend to either markedly under or over-estimate them. Let people judge this for themselves as they actually have all the information.

#### Consequences for non-compliance

67

*Do you think financial penalties should be in place for people who do not meet their obligations while receiving insurance payments?*

No.

68

*Do you agree that payments could be fully suspended in cases of serious, intentional non-compliance with obligations?*

No.

69

*Do you think any other consequences should be in place for people repeatedly not meeting their obligations, such as permanent suspension of entitlements?*

No.

## Chapter 10 – Delivering income insurance (Pg 121-134)

### Independent and effective delivery

70 *Do you think it is best for ACC to deliver the income insurance scheme alongside the accident compensation scheme?*

Yes.

71 *Would the income insurance scheme be better delivered by a government department or a new entity?*

Government dept.

### Accountable and effective governance

72 *How could employer and worker perspectives best be incorporated to strengthen the income insurance scheme's delivery for New Zealanders?*

73 *How could Māori perspectives best be incorporated to ensure the income insurance scheme is delivered equitably and with aspiration?*

### Displaced workers: Getting back to good jobs

74 *What practical support should be available to insurance claimants to return to work?*

Job training, transit allowances, access to caregivers/childcare to enable them to work if they wish.

75 *Who should provide that return-to-work support?*

Govt.

76 *What type of claimants would need an employment case manager, and who could self-manage?*

Only people needing a carer already should need a case manager, although it would be good if case managers were acting more as advocates for people rather than the arbiter of what support they will get.

77 *What do you think a 'return-to-work plan' should include?*

## Health condition and disability claimants: Getting back to good jobs

78 *What practical support should be available to income insurance claimants with a health condition or disability to return to work?*

Money.

79 *Who should provide that support to return to work?*

Government.

80 *What type of claimants would need a case manager, and who could self-manage?*

If there are case managers, disabled people should be provided with advocates who know the system well who can assist them in the best outcomes.

## Dispute resolution

81 *Do you agree with the proposed four-step dispute resolution process for the scheme?*

82 *Are there specific aspects to the scheme's dispute resolution you think should be considered?*

## Scheme integrity and enforcement

83 *Do you agree with the proposal to establish an effective offences and penalties framework to protect the scheme's integrity?*

This seems short sighted and prone to abuse/being weaponised against marginalised communities.

## Information collection and sharing

84 *Do you agree with the proposal to develop information sharing agreements and sharing arrangements with employers, other agencies and service providers?*

**Chapter 11 – Funding income insurance (Pg 135-144)**

**Most funding would come from compulsory levy payments on income**

85 *Do you agree the income insurance scheme should be funded from compulsory levies on the income that is insured, rather than from general taxation?*

No.

**Levy payments would be shared by employers and workers**

86 *Do you agree that levy contributions should be equally split between the employee and employer?*

Companies should be taxed appropriately and audited to determine this fact, rather than taxing individuals more heavily.

87 *Do you agree that levies for health conditions and disabilities and for redundancy should be set separately?*

No.

**Both the employee and employer would be charged at a flat rate**

88 *Do you agree that employees should be levied at a flat rate on income below \$130,911?*

89 *Do you have any other suggestions for how the employee levy should be structured?*

90 *Do you agree that experience rating would not be an appropriate design setting for the employer levy?*

Yes.

**Levies would adjust smoothly over time, with independent fund management**

91 *Do you agree that an independent fund with a stable levy-setting system should be established to finance the income insurance scheme?*

92 *Do you favour a Pay As You Go or Save As You Go funding approach?*



## Building in scheme adaptability, while protecting levy sustainability

93 *Do you agree that the legislation for the income insurance scheme should provide the flexibility to vary entitlements and eligibility in times of crisis, over and above the proposed income insurance scheme?*

Yes.

94 *Does such flexibility create risks that require additional mitigations?*

It does create risks but they are outweighed by the benefits of not hedging excessively.

## Other comments

--